

Message Text

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72

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SP-03 STR-08 TRSE-00 SWF-02

CIEP-02 OMB-01 L-03 AID-20 NSC-07 SS-20 CEA-02 TAR-02

PA-04 PRS-01 USIA-15 DRC-01 /160 W

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R 010001Z MAY 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1437

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E.O. 11652 N/A

TAGS: EIND, ETRD, MX

SUBJECT: INDUSTRY SECRETARY ADDRESSES TEXTILE CONVENTION

1. SECRETARY OF INDUSTRY AND COMMERCE JOSE CAMPILLO SAINZ ADDRESSED THE VIII ANNUAL TEXTILE CONVENTION AT MANZANILLO ON APRIL 25. HE PRAISED THE MEXICAN TEXTILE INDUSTRY EFFUSIVELY FOR ACHIEVING SUBSTANTIAL INCREASES IN PRODUCTION AND EXPORTS DURING THE PAST THREE YEARS. HE EXHORTED TEXTILE MANUFACTURERS TO PRODUCE MORE FOR THE LOWER INCOME GROUPS. HE ASCRIBED MARKED INFLATIONARY TRENDS IN APPAREL COSTS LAST YEAR TO INCREASED DEMAND BY POPULAR SECTORS WHICH WAS NOT MET BY CORRESPONDING RISE IN SUPPLY. THE SECRETARY ASSURED MEXICAN TEXTLE AND APPAREL MANUFACTURERS THAT GOM WILL NOT AUTHORIZE EXPORTATION OF RAW COTTON OR SYNTHETIC FIBERS BEFORE TOTAL DOMESTIC DEMAND IS MET. AT THE SAME TIME, GOM WILL INSIST THAT COTTON GROWERS AND SYNTHETIC FIBER PLANTS RECEIVE PRICES COMPARABLE WITH WORLD MARKETS. ADDITIONALLY, SECRETARY CAMPILLO SAINZ REMARKED THAT GOM WOULD CONTINUE ITS POLICY OF ONLY AUTHORIZING IMPORTATION OF BRAND-NEW TEXTILE MACHINERY. (TEXTILE INDUSTRY HAD EARLIER REQUESTED TEMPORARY SUSPENSION THIS REQUIREMENT IN LIGHT OF SHORTAGE NEW MACHINERY IN DEVELOPED COUNTRIESM)

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2. NOTING COINCIDENCE OF TEXTILE CONVENTION AND BILATERAL

TEXTILE CONSULTATIONS WITH USG, CAMPILLO SAINZ PLEDGED THAT GOM WOULD TAKE "FIRM" STAND IN TALKS IN DEFENSE OF NATIONAL INDUSTRY. HE SAID "THE LEAST MEXICO COULD HOPE FOR IS THAT THE US WILL NOT PLACE BARRIERS IN THE WAY OF MEXICAN EXPORTS". THESE REMARKS WERE MET WITH ROUSING APPLAUSE. HE SAID MEXICO WISHED TO FOLLOW US DICTUM OF "TRADE, NOT AID", BUT THAT IN ORDER TO DO SO MEXICO WOULD REQUIRE LIBERAL EXPORT QUOTAS WITH BUILT-IN GROWTH FACTOR AND FLEXIBILITY. THE SECRETARY ALSO COMPLAINED ABOUT THE FACT THAT 807 EXPORTS BY MEXICAN IN-BOND INDUSTRIES ARE COUNTED AGAINST THE BILATERAL RESTRAINT LEVELS. HE SAID THIS IS "NEITHER LOGICAL NOR FAIR" AS THE IN-BOND COMPONENTS ORIGINATE IN THE UNITED STATES.

3. COMMENT: CONSIDERING HIS AUDIENCE, THE SECRETARY'S SPEECH WAS CALCULATED TO PLEASE AND WIN POLITICAL POINTS. JUST HOW MUCH WAS POSTURING AND HOW MUCH WILL BE TRANSLATED INTO BARGAINING POSITIONS AT THE BILATERAL TALKS IS YET TO BE SEEN. NEVERTHELESS, IT CAN BE ASSUMED THAT MEXICO WILL BEGIN THE CONSULTATIONS WITH A STRONG POSITION, BUT ONE WHICH CAN BE NEGOTIATED.
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